



State of Connecticut

Office of Consumer Counsel

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The Energy and Technology Committee

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Raised Bill No. 416, AAC Energy from Combined Heat and Power Systems

Testimony of Mary J. Healey, Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed Raised Bill No. 416, AAC Energy from Combined Heat and Power Systems. OCC has some concerns about the bill and would like to respectfully raise some additional thoughts and possible revisions.

The bill proposes to add combined heat and power systems to the existing net metering statute, Conn. Gen. Stat. § 16-243h, in order to enable combined heat and power systems to have the benefits of net metering.

OCC could conditionally support allowing new combined heat and power ("CHP") systems (i.e., those not yet built and operating as of the bill's passage) to take advantage of net metering. Although Connecticut has been aggressive in promoting CHP already, there are presumably numerous additional sites where CHP, and its greater efficiency, would make sense. OCC does note that net metering is in part a way to appropriately credit a unit for its output and in part a subsidy, in that it excuses the owner of the unit from paying some or all of its volumetric transmission and distribution charges, which are then shifted to other ratepayers. There are other subsidies for CHP that exist in the law as well, such as Conn. Gen. Stat. § 16-243l, under which electric ratepayers pay for the gas transportation charges for CHP units. Accordingly, OCC would want to be sure that the suite of subsidies for new CHP are roughly enough to get the desired number of CHP units built, but that such subsidies do not rise beyond that level. The CHP Unit owner should be required to make a significant contribution toward the unit, as the owner is the primary beneficiary of its existence.

OCC would have more difficulty supporting net metering for existing CHP systems. Many of those systems were built with significant ratepayer dollars, including distributed generation grants under Conn. Gen. Stat. § 16-243i. Obviously, those subsidies were sufficient to get the unit to be built, so an additional subsidy through net metering is not necessary. At a minimum, OCC would like to see some sharing with ratepayers of the benefits of excess power

production at units that received distribution generation grants. In this time of severe economic hardship, any subsidies that increase electric ratepayer costs should be scrutinized closely.

There may also be system reliability issues from allowing net metering for CHP systems, particularly if we are going to be encouraging excess production from large CHP systems. OCC is not familiar enough with those technical issues to speak to them in detail, but wants to raise the fact that such issues may exist. The power system is designed to accept in-flows of large amounts of power at some places and not others.